

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 22, 2019

TO: Honorable Trey Martinez Fischer, Chair, House Committee on Business & Industry

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB589 by Deshotel (Relating to mechanic's, contractor's, or materialman's liens; authorizing a fee; changing the eligibility for community supervision.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB589, As Introduced: a positive impact of \$5,700,000 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$1,450,000
2021	\$4,250,000
2022	\$4,250,000
2023	\$4,250,000
2024	\$4,250,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Probable Savings/(Cost) from Statewide Network Apps Acct - AR
	1	8143
2020	\$1,450,000	(\$610,146)
2021	\$4,250,000	(\$176,618)
2022	\$4,250,000	(\$176,618)
2023	\$4,250,000	(\$176,618)
2024	\$4,250,000	(\$176,618)

Fiscal Analysis

The bill amends the Insurance and Property Codes to require the Secretary of State to establish and maintain a website within the state electronic internet portal to accept and publish mechanic's, contractor's, or materialman's liens under Chapter 53, Property Code. The bill authorizes a fee to

post a notice of commencement, and changes community supervision requirements for certain offenses.

The bill takes effect May 1, 2020.

Methodology

Based on analysis by the Secretary of State of United States Census Bureau data, it is estimated that 58,000 notices of commencement would be filed in the system during the effective portion of fiscal year 2020, and 174,000 would be filed every subsequent fiscal year. After analysis of other filing fees, the Secretary of State anticipates setting the fee at \$25 per transaction. Based on this information, the provisions of the bill authorizing a fee is estimated to generate approximately \$4.2 million per fiscal year.

Based on analysis by the Texas Department of Insurance, the provisions of the bill could be implemented within existing agency resources.

Technology

Based on analysis by the Department of Information Resources, implementing the provisions of the bill relating to a centralized website would result in one-time and ongoing technology costs. These would include approximately \$610,000 for development and hosting services in fiscal year 2020, and approximately \$177,000 for maintenance and hosting in subsequent fiscal years.

Local Government Impact

Based on analysis by the Texas Association of Counties, no significant fiscal implication to counties is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 307 Secretary of State, 313 Department of Information Resources, 454 Department of Insurance

LBB Staff: WP, CLo, NV, JMO